



At the Crossroads of Change in CPG Retail

CROSSMARK[®]

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This is an edited version of IRI's conversation with **Chris Moyer**, chief executive officer at sales and marketing services company **CROSSMARK**. In this installment of IRI Growth Insights **C-Suite Conversations**, Moyer talks with KK Davey, president of IRI's Strategic Analytics practice, and Kurian Thomas, retail chief operating officer at IRI. Moyer shares insights on change and digital futures; transformative thinking; technology and strategy to maximize ROI; and more.

IRI: Role of Sales and Marketing Agencies

Chris Moyer: In a lot of ways, sales and marketing agencies are the operational guts of the connectivity among the CPG brands trying to get their products to the end consumer in partnership with the retailers.

IRI: Transformation

CM: When people talk about digital transformation, there are many transformations that happen at the same time. There's an operational transformation. There's financial transformation. And perhaps one of the more important ones is cultural transformation. Having a culture that embraces test-and-learn and the uncertainty of the future is really a key part of where we're going.

IRI: Reinvention

CM: It's like the overused cliché: COVID-19 changed everything. Coming into 2020, we started very strong. And then, in our case, we call it the week from hell. We got hit with a cyberattack that brought us to our knees. And later, the same week, we got shut down. Suddenly, everything changed for us in that one week.

We've put into place a state-of-the-art platform. That's the foundational layer that you have to operate with today. We had a precipitating event. We addressed that much faster than we expected because we had to, but that's pretty much the theme of what happened in 2020 for us. We had teed up the idea of doing digital marketing. Then, we got very motivated to make those [digital marketing initiatives] happen really fast, so that, by September, we had turned those into real products, and were producing positive client impact. We got tremendous response from our clients by applying new technology and new thinking because COVID-19 gave us an opening.

IRI: Meeting Marketplace Needs

CM: What makes this a unique marketplace to work in is all the different channels, all the different products. The complexity here is quite significant. We ultimately came up with a vision of how all the pieces were going to fit together, which is quite a different view of the way that this organization, even within the consumer-goods area, has typically operated. The view is: We're trying to optimize commercial spend on behalf of our clients and customers, and that's the game.

We're in an environment where data is growing exponentially, and is coming at people so fast that they can't possibly comprehend what it all means. Looking for those patterns is really better done with advanced technology tools. If we say: Here's the way we see these parts interacting, here's our headquarters sales function, here's our retail function, here's our marketing services function ... ultimately, we're still trying to get to what we call the Grand Vision. This is the smarter way to faster growth – better allocate our resources to get better, more profitable growth for our clients, and better satisfaction for the consumer. New tools, new data, new ways of looking at the world can give us better answers. That's the Holy Grail today.

IRI: Benefitting from Technology

CM: We've talked about applying technology to drive ROI on behalf of our clients and customers. There's a lot of money spent, but we have to ask whether or not that money is well allocated. We can do a better job with leveraging technology to do that, and, in so doing, we can pay our people more. We're going to ask them to be higher-skilled people. We're going to ask them to do different things – things that are going to drive ROI. And when we get that better ROI, there's money to be shared with our people on the front lines. That's what I'm hoping to accomplish.

IRI: The Future of Retail

CM: Number one, the future is still going to be driven on return on investment. No question. Winning at the shelf is really, really important and still, even with today's e-commerce growth, you're still getting the vast majority of sales happening in brick-and-mortar stores, one way or another. We're recognizing that the channels are going to change a little bit, and that there are cross-implications like we've rarely seen before. More and more, we're crossing the lines of traditional silos – that's a big part of what's happening in the future of retail.

Clearly, trade promotion has come down during the COVID-19 period, because if you just worry about getting the product on the shelf, you're not worrying about optimizing, selling more to be even more out of stock. But, as we move forward, it will come back, and there will be different tactics for different channels of distribution. To a large extent, what we've seen is an acceleration of trends that were already underway. The change, the rate of change, is important here. And so, we've doubled down on data. We're surrounded by data. We've now recast the way we think about things in terms of data flows because that's the opportunity as we look forward.

IRI: Collaboration

CM: We hope to be working with partners that will work with us on a collaborative solution, because sometimes, the instinct is to just beat up the suppliers, beat on the guys who are at the end of the line. As we move forward, there are relatively complex problems to solve. And there will be some pushing and pulling between the retailers and the CPG companies about allocating money here versus there. At the end of the day, the money's going to flow to where the returns are going to maximize.

IRI: Assortment

CM: Narrower assortments have resulted in higher sales. That's not typically what the argument has been. The argument always was: I can give an incremental SKU, and I can get incremental volume. It was always the question of whether or not it was truly incremental, or if it was cannibalizing what you would have added otherwise. This is a unique time; we're learning new lessons as a result.

IRI: Driving Retailer Profitability

CM: We're going to build on an industrial scale to connect what our CPG clients are trying to do, and deliver to the retailers and to their consumers that use those retail channels – either in-store or online. We want to give our clients visibility, so that we can optimize their commercial spend. Optimizing how you address the consumer that is online and the consumer that is in the store should have some commonality and some differences. Our ability to segment that through content development, content presentation, A/B testing, search engine optimization, those become the key issues online.

We need to develop some new capabilities, but we're not going to develop all those internally. We are partnering on the idea of giving what I call the Holy Grail viewpoint, which, increasingly, we see the most sophisticated clients and customers are moving to. They want to see on one screen what is going on with this product across the different channels.

IRI: Big Data Application

CM: This is a digital ecosystem that is very quickly evolving around the availability of big data and analytics, and having the ability to optimize ROI is a dream come true for the real application of the technology tools that exist today.

IRI: Driving Change

CM: Siloed organizational thinking is yesterday's thinking. Those are the kinds of challenges from a mindset perspective that we have to overcome to move forward.

In large-scale change, you need some direction from the top. There's no question about that. But, in order for it to be sustainable, you need it to be bottoms-up. The future is not the same as the past because the tools enable a different future, a different answer. We have challenged each other about what we think the best practices are going to look like. We don't know currently what the total answer is going to be, but we have directionally said digital ecosystem and the use of technology are going to be core to our future.

IRI: Diversity and Inclusion

CM: This is a service business. The rubber hits the road on the front lines. So, the reality is that those front lines are facing a lot of diverse circumstances. There happens to be diverse people in those roles as well. They're seeing different things, and they're seeing things differently at the same time, both of which have to be considered as we develop this new model to move forward. 

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